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**CONSOLIDATED
PROFESSOR
MINES
LIMITED**

*Pominec Inc
Silver Eureka Corp.*

**ANNUAL
REPORT
1975**

CONSOLIDATED PROFESSOR MINES LIMITED

OFFICERS

President

G.R. Cunningham-Dunlop,
Oakville, Ontario.

Secretary-Treasurer

Norman L. Winton,
Toronto, Ontario.

Engineers Club
11 a.m.

DIRECTORS

G.R. Cunningham-Dunlop
Oakville, Ontario.

Norman L. Winton,
Toronto, Ontario.

P.S. Broadhurst,
Toronto, Ontario.

G.M. Mahon,
Toronto, Ontario.

TRANSFER AGENT

Crown Trust Company,
Toronto, Ontario.

HEAD OFFICE:

Suite 600,
85 Richmond Street West,
Toronto, Ontario
M5H 2E8.

SHARE LISTING:

The Toronto Stock Exchange

CONSOLIDATED PROFESSOR MINES LIMITED

REPORT OF THE DIRECTORS

To the Shareholders:

Your Directors are pleased to present the Annual Report of the Company, including the audited financial statements, for the year ended December 31, 1974. This includes a review of the principal developments during the year and the subsequent period to date.

The exploration and development of the Duport gold property, initiated in 1973, was continued during the year with gratifying results. Surface drilling has extended and confirmed the main zones of mineralization, and metallurgical tests have demonstrated that an acceptable gold recovery can be achieved. Preliminary engineering studies have indicated that a profitable operation can be anticipated at the current gold price.

The Company exercised its option to purchase 500,000 shares of Silver Eureka Corporation from Northfield Mines, Inc., after assignment of the option by New Calumet Mines Limited for the consideration of 300,000 shares of Consolidated Professor Mines Limited, and reimbursement to New Calumet Mines Limited of any payments made by New Calumet subsequent to February 25, 1974.

In conjunction with the purchase by Consolidated Professor, Pominex Limited, through its subsidiary Pominex Inc., also purchased 500,000 shares of Silver Eureka Corporation so that the combined purchase of 1,000,000 shares represents management control of Silver Eureka through a voting trust agreement between Consolidated Professor and Pominex Inc.

The assets of Silver Eureka Corporation include a 25% interest in Ruby Hill Mining Company, which owns mining claims in the Eureka District of Nevada, currently under lease to four companies including Silver Eureka, and on which a production decision is being contemplated by the operating lessees. Silver Eureka maintains control of Mines et Produits Chimiques de Salsigne, a well-established French mining company, whose operation in southern France is currently showing a marked increase in earnings, as a result of higher metal prices.

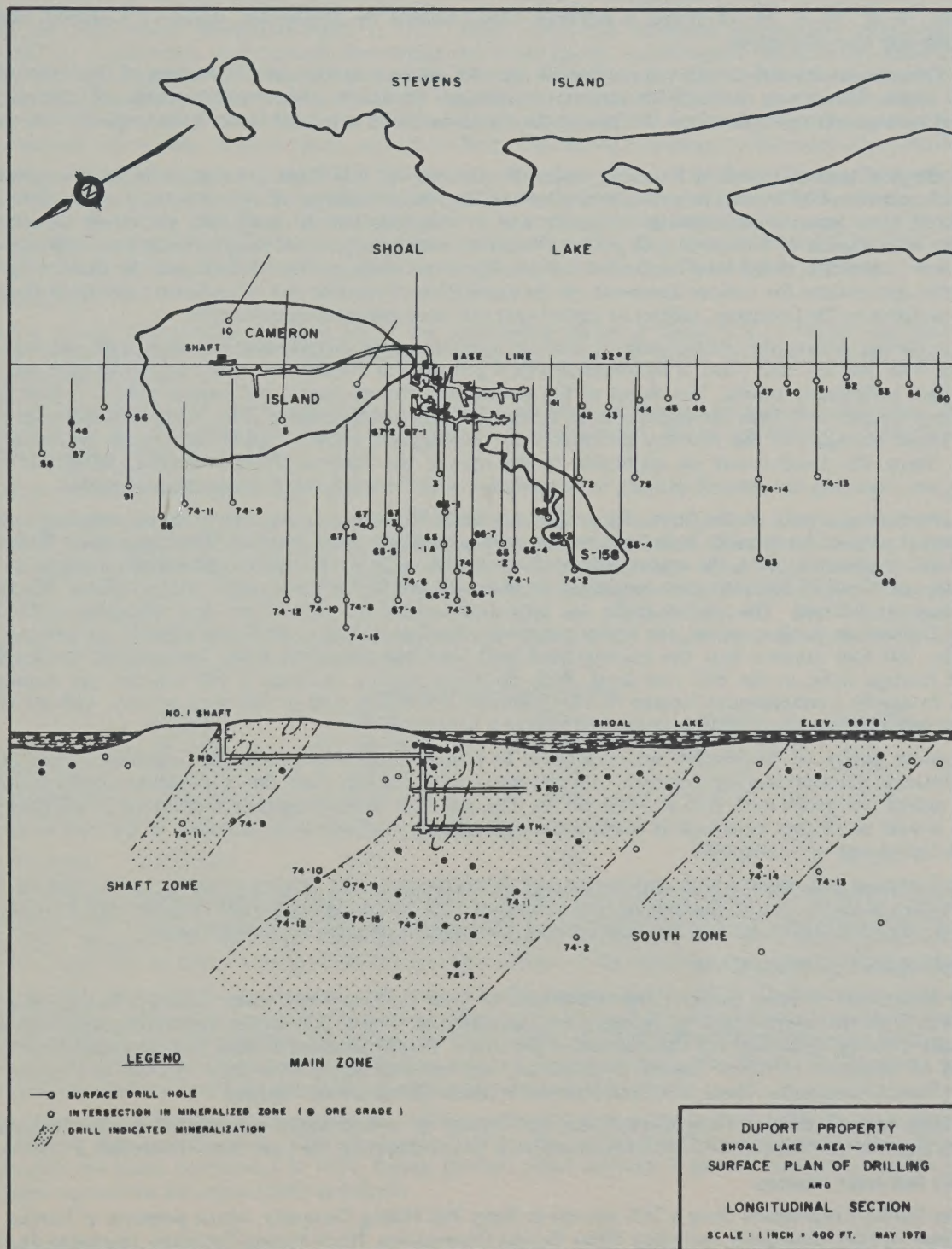
By the purchase of the interest in Silver Eureka, your Company is now a participant, through the associated companies, in the substantial cash flow of the Salsigne company, and in opportunities through the expansion of the Silver Eureka interests.

DUPORT PROPERTY:

Continued surface exploration, following the 1973 underground sampling program on the optioned Duport gold property west of Kenora, Ontario, enlarged the known dimensions of the mineralized zones, and with successful metallurgical test results, led to the preparation of a preliminary feasibility study to consider placing the property in production.

In 1974, sixteen surface drill holes, totalling 12,000 feet, were completed, which confirmed a 900 foot strike length of the main zone at the 600 foot horizon. A deeper hole, No.74-3, returned 0.56 oz. gold/ton over 6.7 feet, at a depth of 800 feet. Hole 74-14, drilled to test the next zone to the south, at a depth of 500 feet, encountered 0.43 oz. gold/ton over 11.0 feet. This zone, as indicated by previous shallow drilling, has a strike length of approximately 500 feet. Three holes to test a geophysical anomaly 1,200 feet north of Cameron Island confirmed sulphide mineralization, but gold values were negligible. A plan of surface drilling and a longitudinal section of the mineralized zones are included with this report, and the 1974 results are summarized below:

Hole No.	Core length feet	Grade oz. gold/ton	Vertical Depth feet	Remarks
74- 1	13.0	0.23	560	Main Zone
74- 2	20.0	0.01	720	Between Zones
74- 3	6.7	0.56	820	Main Zone
74- 4	2.0	0.04	650	Main Zone
74- 6	16.5	0.43	650	Main Zone
74- 8	5.0	0.11	550	Edge of Main Zone
74- 9	2.5	0.04	340	Shaft Zone
74-10	6.4	0.17	530	Short of Main Zone
74-11	6.0	0.08	370	Shaft Zone
74-12	2.8	0.46	650	Main Zone
74-13	16.0	0.08	510	Beyond South Zone
74-14	11.0	0.43	480	South Zone
74-15	3.5	0.86	640	Main Zone



CONSOLIDATED PROFESSOR MINES LIMITED

Holes 74-5, 74-7, 74-16 tested a sulphide zone outlined by geophysics, north of Cameron Island, and encountered very low gold values.

An airborne geophysical survey was performed over the entire property, and extensions of the structure to the north and south. The survey outlined the important geological structures, and several anomalies of interest. Ground geophysical surveys were completed on the lake in the Cameron Island area, and located the sulphide zone tested by drilling.

Metallurgical tests at Lakefield Research, under the direction of A.H. Ross and Associates, demonstrated that an overall gold recovery of 85% could be anticipated after roasting and cyanidation of concentrates. Further flotation tests demonstrated that separate concentrates of pyrite and arsenopyrite can be produced, providing an arsenopyrite concentrate with a grade of 5.0 oz. of gold per ton. With the much improved test results due to more efficient roasting methods now in practice, it has been confirmed that good gold recoveries can be achieved, and the choice of producing a marketable concentrate for custom treatment, or the installation of roasting and cyanidation facilities at the mill site, would be available to the Company, subject to capital cost and environmental requirements.

As a further alternative, particularly in view of environmental considerations, which have assumed greater importance over the last few years, a hydrometallurgical process was devised and tested on the Dupont ore samples, with excellent preliminary results. The object of the process is to remove arsenic and sulphur prior to cyanidation, and to produce pollutants in a form for disposal in an environmentally-sound manner. The initial tests indicated that gold recovery would be equal to the recovery anticipated by roasting, and a lower capital cost for the treatment plant is suggested. Since the process may be applicable to the ores of the Salsigne Mines in France, Salsigne is presently expanding and financing this research project, in co-operation with Consolidated Professor Mines Limited.

An engineering report, in the form of a preliminary feasibility study, was prepared by independent consultants for the Dupont project, to consider indicated reserves, mining methods, costs, and cash flow projections. With available geological and engineering data, the report estimated a potential of 719,000 tons of mineralized material to the 885 foot horizon, of which 27,000 tons were considered to be proven and 210,000 tons indicated by drilling. The remaining 482,000 tons are inferred. The average grade was estimated at 0.36 oz. of gold per ton, including a 10% dilution allowance. Subject to further review, the report proposed a haulage decline from Stevens Island, to intersect the ore zone at the 180 foot horizon near the existing third level. Development to the lower levels would be completed by ramp and haulage drift, to the 885 foot level. With shrinkage stoping methods, a 400 ton per day mining rate is proposed, to supply a concentrator located on the mainland at a milling rate of 300 tons per day, with allowance for production interruptions when transportation on the lake is prevented.

A capital outlay of \$4,900,000 was estimated, to achieve production, including a mainland concentrator to produce flotation concentrates for shipment to a custom roasting facility. Cash flow projections suggest a satisfactory return of capital and profit with gold at \$150 per oz. The cash flow would be greatly accelerated by a higher price for gold, and would be further enhanced if roasting and cyanidation facilities were included at the mill location at an additional capital cost of \$1,000,000.

The Company will proceed with exploration and development of the Dupont property, as finances are available, to prepare the property for production in stages. Initially, the metallurgical process and the mill location will be determined, while the mining method and underground development program are decided upon.

SILVER EUREKA CORPORATION:

The investment in Silver Eureka Corporation held by your Company now totals 523,723 shares, representing a 19% interest. With the interest held by Pominex Inc., a combined total of 37% of the outstanding shares are held, and bound under a voting agreement for the election of Directors. Three nominees of each company have been elected to the Board of Directors of Silver Eureka Corporation, and representatives have been elected as Directors of the controlled French companies, Cheni, S.A., and Mines et Produits Chimiques de Salsigne.

Through income derived from investments, and equity in undistributed earnings of foreign affiliates, Silver Eureka has reported a Net Income of \$281,432, equal to \$.10 per share, for the year ended December 31, 1974.

Ruby Hill Joint Venture:

Silver Eureka Corporation owns a 25% interest in Ruby Hill Mining Company, whose property at Eureka, Nevada, is under lease to four companies, including Silver Eureka Corporation. Hecla Mining Company, managing development

of the property, and Cyprus Exploration Company, are providing \$150,000 per year to explore the property to maintain the lease which terminates April 1, 1977. Since 1963, the corporate lessees have spent approximately \$4,178,000 on exploration, underground dewatering and investigation, metallurgical research, and feasibility studies. Silver Eureka may maintain a 20% interest in the joint venture, without cost, until a decision is taken to place the mine in production, whereupon Silver Eureka would be required to contribute 18% of all preproduction cost in order to maintain its 20% interest. In the event that it not contribute to the preproduction cost, Silver Eureka would participate in the minimum 15% royalty of gross profit, payable to Ruby Hill Mining Company, in the event of production.

Previous feasibility studies of the Ruby Hill property have been updated by Hecla Mining Company, in view of higher metal prices and costs, and the production of gold is now contemplated as well as lead and zinc concentrates. Hecla is now proceeding with final metallurgical test work and marketing investigations, and are planning a more comprehensive feasibility study, before a production decision is made. The reserves of the Ruby Hill property are estimated by Hecla at 3,132,050 tons averaging 0.16 oz. gold, 5.65 oz. silver, 3.7% lead and 8.3% zinc.

Cheni, S.A.;

Silver Eureka Corporation owns 81.5% of the outstanding shares of Cheni, S.A., a French company with gold properties in the Limoges area of France, which are under option to four major French companies, and copper and nickel properties in Corsica.

Cheni owns 43.6% of the outstanding shares of Societe des Mines et Produits Chimiques de Salsigne. This interest, along with Silver Eureka's direct holding of 4.7%, provides a total interest, direct and indirect, of 48.3% in Salsigne, under the control of Silver Eureka.

Mines et Produits Chimiques de Salsigne:

The Salsigne company holds extensive mining concessions and exploration permits lying along the southern flank of the Black Mountains, north of the city of Carcassonne, in south central France. Intermittent mining has been carried on in the region since 300 A.D., and the Salsigne mine has been in production since 1925. Currently, mining at 600 tons per day with a smelter and acid plant facilities, the products marketed are gold, silver, copper, bismuth, arsenious trioxide and sulphuric acid. Production is from two types of sulphide deposits, the "Traditional Ore", in steeply-dipping north-south veins and replacements, and the "Contact Ore", occurring as an extensive flat-dipping zone at a lower horizon. Reserves are reported as follows at January 1, 1975:

	Vein and Replacement Ore					
	Tonnage sh. tons	Gold ozs. per ton	Silver ozs. per ton	Copper %	Bismuth %	Arsenic %
Probable Reserves	303,050	0.33	1.08	0.16	0.057	4.70
Possible Reserves	893,700	0.43	1.08	0.14	0.056	4.70
	Contact Type Ore					
	Tonnage sh. tons	Gold ozs. per ton	Silver ozs. per ton	Copper %	Bismuth %	Arsenic %
Possible Reserves	2,185,000	0.27	1.08	0.10	0.136	11.90

Ore from each zone is currently treated profitably, although limitations imposed by the Salsigne smelter prevent exclusive treatment of the Contact Ore, due to a lower ratio of concentration caused by a greater sulphide content of this ore. Plans are presently under way to increase smelter capacity, and modify the concentration process, to provide a long-term capacity for exclusive mining of the Contact Ore, in view of the large tonnage potential of this zone.

Significant information was obtained with respect to the Contact Ore in 1974. This zone was originally named because it was first discovered occurring at the contact between overlying Paleozoic sediments and underlying Cambrian schists. While the contact occurs over a large area, it has definite physical limits. Recent diamond drilling has shown that the ore zone leaves the contact and extends deep into the Cambrian schists. This lends a much greater scope to the exploration potential and raises the possibility of repetitious zones in the schists.

As reported by Salsigne at December 31, 1974, production was reduced from 1973 due to a labour shortage which hindered development work. This situation is now greatly improved and monthly production has increased in 1975. Despite the lower production in 1974, higher product prices resulted in greatly increased revenues and profits. The Salsigne operations are summarized as follows:

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Production	1974	1973
Total ore mined and treated, sh. tons	169,426	188,221
Gold, oz.	40,543	55,462
Silver, oz.	132,580	141,179
Copper, sh. tons	418	463
Bismuth, sh. tons	44.8	47.4
Arsenious trioxide, sh. tons	7,299	7,128
Sulphuric Acid, sh. tons	18,936	21,761

Financial:

The audited Salsigne statements, in American form, for the past two years show the following results (summarized):

	December 31, 1974	December 31, 1973
Total Revenue	\$11,685,556	\$ 7,390,232
Profit before taxes and Extraordinary Items . .	4,905,524	1,415,456
Net Income	2,753,049	1,044,643
Net Income per share	\$12.27	\$4.66

With the substantial cash flow being generated, and with a strong working capital position, Salsigne is now in a position to declare dividends, after allowance for capital expenditures and exploration projects. It is anticipated that a dividend will be declared at the Salsigne Annual Meeting on May 28, 1975. With the forthcoming income from the Salsigne operations, Silver Eureka will increase its exploration activities, and is currently considering several projects, to be funded by dividend income as well as by direct participation with the subsidiaries.

In addition to dividends, under French taxation policy Salsigne is permitted a generous pre-tax expenditure, which may be applied to research and exploration on other projects, either local or foreign. With the availability of funds, it is anticipated that projects undertaken by Consolidated Professor Mines Limited may be financed through such expenditures.

Financing of your Company was one of the main objectives of your Directors in 1974, to provide the necessary capital for the purchase of the Silver Eureka interest, and for the continuing development of the Duport property. Considerable time and effort was expended in the preparation of data, and presentations to investors, for a fixed price offering of 800,000 treasury shares of Consolidated Professor, through the facilities of the Toronto Stock Exchange. The offering was prepared with the purpose of raising a minimum of \$260,000, and New Calumet Mines Limited had agreed to purchase sufficient shares, if required, at the offering price, to provide your Company with this minimum amount.

During the three month period involved in the preparation of data and obtaining approval from the regulatory bodies, general market conditions had deteriorated to the degree that the offering was considered inadvisable by your Directors, and was cancelled in December, 1974. Temporary bank credit was arranged for the remaining payments to Northfield Mines, Inc., which were completed on April 27, 1975, and arrangements have been initiated to retire the indebtedness, and to provide additional working capital for the Company.

On Behalf of the Board,

Toronto, Ontario.
May 5, 1975.

G.R. CUNNINGHAM-DUNLOP
President.

(Incorporated under the laws of Ontario)

BALANCE SHEET — DECEMBER 31, 1974
(with comparative figures at December 31, 1973)

ASSETS

	<u>1974</u>	<u>1973</u>
CURRENT ASSETS		
Cash and deposit receipts	\$ 25,187	\$ 484,710
Accrued interest and accounts receivable	63	5,937
	<u>25,250</u>	<u>490,647</u>
SHARES IN OTHER COMPANIES, at cost		
Listed shares (quoted market value 1974, \$6,600, 1973, \$6,050)	13,150	13,150
Other shares	59,814	29,986
	<u>72,964</u>	<u>43,136</u>
Less allowance for decline in value	6,550	22,000
	<u>66,414</u>	<u>21,136</u>
INVESTMENT IN SILVER EUREKA CORPORATION (note 1)	<u>951,350</u>	
INTEREST IN MINING SYNDICATE, at nominal value	<u>1</u>	<u>1</u>
MINING PROPERTIES AND CLAIMS, at cost (notes 2 and 3)	<u>154,265</u>	<u>150,265</u>
DEFERRED EXPENDITURES (notes 3 and 4)		
Exploration, development and administrative expenditures deferred	951,490	647,371
Incorporation expenses	7,418	7,418
	<u>958,908</u>	<u>654,789</u>
	<u>\$2,156,188</u>	<u>\$1,316,838</u>
LIABILITIES		
	<u>1974</u>	<u>1973</u>
CURRENT LIABILITIES		
Bank loan	\$ 75,000	
Accounts payable and accrued liabilities	43,637	\$ 74,801
Payable to Northfield Mines, Inc. for acquisition of Silver Eureka shares (note 1)	150,000	
Payable to Jonpol Exploration Ltd. (note 5)	48,000	
Advance from New Calumet Mines Ltd. due July 1, 1975	75,000	
	<u>391,637</u>	<u>74,801</u>
SHAREHOLDERS' EQUITY		
CAPITAL STOCK (notes 5, 6 and 7)		
Authorized - 4,500,000 shares without par value		
Issued - 2,925,226 shares (1973 - 2,549,140)	3,692,581	3,185,517
Less discount on shares	703,500	703,500
	<u>2,989,081</u>	<u>2,482,017</u>
DEFICIT	<u>1,224,530</u>	<u>1,239,980</u>
	<u>1,764,551</u>	<u>1,242,037</u>
Approved by the Board	<u>\$2,156,188</u>	<u>\$1,316,838</u>
G.R. Cunningham-Dunlop, Director		
Norman L. Winton, Director		

CONSOLIDATED PROFESSOR MINES LIMITED

STATEMENT OF EXPLORATION, DEVELOPMENT AND ADMINISTRATIVE EXPENDITURES DEFERRED

YEAR ENDED DECEMBER 31, 1974

(with comparative figures for 1973)

	<u>1974</u>	<u>1973</u>
Exploration		
Shoal Lake Area, Kenora, Ontario (note 4)		
Exploration and development	\$ 286,406	\$ 286,326
Gillies Limit, District of Temiskaming, Ontario		
Acreage taxes	278	344
Bucke and Lorrain Townships, Ontario		
Acreage taxes	100	100
Dasserat Township, Quebec		
Line Cutting		2,232
Geophysical survey		1,496
Diamond drilling		11,956
Prospecting		516
Professional fees and expenses		12,243
		<u>28,443</u>
Duprat Township, Quebec		
Line cutting		1,350
Geophysical survey		2,514
Professional fees and expenses		2,671
		<u>6,535</u>
Administrative		
Interest	1,222	
Accounting services		300
Legal and audit fees	2,263	4,512
Stationery, printing and office expense	8,020	3,571
Corporation taxes and fees	1,135	355
Transfer agent's fees	3,816	2,829
Legal, audit and consulting fees re capital stock issues	12,839	6,700
Toronto Stock exchange listing fee		2,000
Consulting fees		3,931
	<u>29,295</u>	<u>24,198</u>
	316,079	345,946
Deduct investment income	11,960	17,950
Expenditures less investment income for the year	304,119	327,996
Balance deferred at beginning of year	647,371	319,375
Balance deferred at end of year	<u>\$ 951,490</u>	<u>\$ 647,371</u>

SUMMARY OF EXPENDITURES DEFERRED
YEAR ENDED DECEMBER 31, 1974
(with comparative figures for 1973)

	<u>1974</u>	<u>1973</u>
Expenditures on claims		
Shoal Lake Area, Kenora, Ontario (note 4)	\$ 572,732	\$ 286,326
Gillies Limit, District of Temiskaming, Ontario	237,420	237,142
Bucke and Lorrain Townships, Ontario	40,940	40,840
Dasserat Township, Quebec	28,443	28,443
Duprat Township, Quebec	6,535	6,535
Administrative and general less investment and other income	65,420	48,085
	<u>\$ 951,490</u>	<u>\$ 647,371</u>

AUDITORS' REPORT

To the Shareholders of
Consolidated Professor Mines Limited

We have examined the balance sheet of Consolidated Professor Mines Limited as at December 31, 1974 and the statements of exploration, development and administrative expenditures deferred, deficit and changes in financial position for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1974 and the results of its operations and changes in its financial position for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada
March 14, 1975

THORNE RIDDELL & CO.
Chartered Accountants

CONSOLIDATED PROFESSOR MINES LIMITED

STATEMENT OF DEFICIT YEAR ENDED DECEMBER 31, 1974 (with comparative figures for 1973)

	<u>1974</u>	<u>1973</u>
Deficit at beginning of year	\$1,239,980	\$1,247,980
Deduct decrease in allowance for decline in value of securities	<u>15,450</u>	<u>8,000</u>
Deficit at end of year	<u><u>\$1,224,530</u></u>	<u><u>\$1,239,980</u></u>

STATEMENT OF CHANGES IN FINANCIAL POSITION YEAR ENDED DECEMBER 31, 1974

	<u>1974</u>	<u>1973</u>
Working capital derived from		
Investment income	\$ 11,960	\$ 17,950
Issue of shares	<u>507,064</u>	<u>719,375</u>
	<u>519,024</u>	<u>737,325</u>
Working capital applied to		
Exploration and administrative expenditures	316,079	345,946
Acquisition of interests in mining claims	4,000	7,600
Investment in Silver Eureka Corporation	924,114	
Investment in shares in other companies	<u>57,064</u>	
	<u>1,301,257</u>	<u>353,546</u>
Increase (decrease) in working capital position	(782,233)	383,779
Working capital at beginning of year	<u>415,846</u>	<u>32,067</u>
Working capital (deficiency) at end of year	<u><u>\$ (366,387)</u></u>	<u><u>\$ 415,846</u></u>

NOTES TO FINANCIAL STATEMENTS — DECEMBER 31, 1974

1. INVESTMENT IN SILVER EUREKA CORPORATION

50% undivided interest in 1,000,000 shares, at cost	\$ 894,949
Legal and consulting fees re above acquisition	29,165
23,723 shares, at cost	27,236
	<u>\$ 951,350</u>

In 1974 the company entered into an agreement whereby it acquired the right to participate with Pominex Limited (each as to an undivided 50% interest) to purchase 1,000,000 shares of Silver Eureka Corporation at U.S. \$1.25 per share.

The company has entered into an agreement with Pominex Limited whereby both companies agree to vote their shares in common for the election of directors and each company granted the other company first right of refusal upon the sale of the shares.

As at December 31, 1974 the company has issued 300,000 shares of its capital stock valued at \$450,000 and paid \$294,949 with respect to its 50% participation. If the company defaults with respect to the making of the remaining payments its interest in the shares and all payments by the company up to the time of default shall be forfeited.

In the event that the participants shall make default with respect to any of the instalment payments, all of their rights to the shares shall terminate and all payments to the date of default shall be forfeited.

In order to complete the acquisition of the 1,000,000 shares, further payments by the participants to the vendor are to be made as follows:

February 27, 1975	\$ 150,000
April 27, 1975	150,000
	<u>\$ 300,000</u>

The minimum amount to be paid by the company in order to maintain its 50% undivided interest is \$150,000.

2. INTEREST IN MINING PROPERTIES AND CLAIMS, at cost

	<u>1974</u>	<u>1973</u>
Mining properties and claims located in Gillies Limit, District of Temiskaming, Ontario acquired for 63,167 shares of capital stock as presently issued and \$6,790 cash	\$ 63,165	\$ 63,165
Mining properties located in Bucke and Lorrain Townships, Ontario acquired for 150,000 shares of capital stock as presently issued and \$1,000 cash	77,000	77,000
Payments made under agreement of May 31, 1973 to acquire eighty percent interest in other mining properties and claims located in the Shoal Lake Area of Kenora, Ontario	5,000	1,000
Mining claims, located in Dasserat Township, Quebec acquired for cash	5,000	5,000
90% interest in mining claims located in Duprat Township, Quebec acquired for cash	3,000	3,000
Mining claims located in Snowshoe Bay Area, Kenora, Ontario, at cost of staking	1,100	1,100
	<u>\$ 154,265</u>	<u>\$ 150,265</u>

If the claims located in Dasserat Township, Quebec are brought into commercial production, within ten days of the date that such claims are brought into commercial production, they are to be transferred to a new public

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company and 300,000 shares of the capital stock of such company are to be issued to Exdeco Limited, the vendor of the claims.

Under an agreement dated May 31, 1973, the company acquired an option to purchase an eighty percent interest in other mining properties and claims located in the Shoal Lake Area of Kenora, Ontario for the sum of \$40,000. In order to maintain the option in good standing the following payments are required:

\$10,000 on June 1, 1975

\$25,000 on June 1, 1976

In addition to the option payments the company is required to expend monies and do all things necessary to bring the unpatented claims up to a license of occupation or patent. In order to complete the purchase the company is required to perform work to a maximum of 1,356 man-days on or before January 8, 1976 and complete a claim survey by January 8, 1977. The first 636 man-days work on the claims to be performed on or before January 8, 1975 has been completed.

3. RECOVERY OF COSTS

The recovery of costs of mining properties and claims and exploration and administrative expenditures deferred is dependent upon obtaining adequate financing and developing a sufficient quantity of ore of economic value.

4. SHOAL LAKE AREA, KENORA, ONTARIO

Under an agreement dated May 8, 1973, the company acquired an option to perform exploration, development and mining work on mining property and claims located in the Shoal Lake Area of Kenora, Ontario. The option extends over a three year period with the right to continue work for the purpose of bringing the property into commercial production within a further two year period. If commercial production is achieved, the company will receive a sixty percent interest in the property. The company has also agreed to pay the optionor an amount not to exceed \$300 per month for corporate expenses until the optionor receives its share of proceeds from production or obtains new financing, whichever shall first occur.

5. PAYABLE TO JONPOL EXPLORATION LIMITED

The company has received a loan of \$48,000 maturing November 1, 1975 from Jonpol Exploration Limited. Interest is payable at 2% above prime bank rates for the term of the loan. At maturity, the principal and interest may be converted at the option of the company into common shares at the market price at the time of issuance subject to compliance with the applicable Securities Laws.

6. CAPITAL STOCK

During the year the company issued capital stock as follows:

	<u>Shares</u>	<u>Amount</u>
Partial consideration in acquisition of shares of Silver Eureka Corporation	300,000	\$ 450,000
Acquisition of other shares	76,086	57,064
	<u>376,086</u>	<u>\$ 507,064</u>

A stock option to Temiskaming Construction Limited is outstanding at December 31, 1974 on 200,000 shares, at 75¢ per share exercisable on or before July 5, 1975.

7. SUBSEQUENT EVENT

Subsequent to December 31, 1974, the company made an offer to purchase substantially all of the assets of New Calumet Mines Ltd. at fair market value of \$485,406 as at January 31, 1975. Consideration for the sale of the assets will be 1,213,515 shares of Consolidated Professor Mines Limited valued at 40¢ per share.

In order to complete the transaction, the company will apply for an increase in its authorized capital after all approvals are received.

The transaction is subject to the approval of various regulatory bodies and the shareholders of each company.

